A 3395-1

AMRC

FORECASTING COMMITTEE

Presentation To 1980 Spring Conference

February 20, 1980 – Scottsdale

AMRC SPRING CONFERENCE
SCOTTSDALE, ARIZONA
FEBRUARY 20, 1980
FORECASTING COMMITTEE

J. C. McCourt, Chairman	Union Carbide
H. Arya	Standard Motor
D. F. Collins	Mack Trucks
R. P. Fohl	U. S.Steel
J. L. Graves	Kelsey-Hayes
K. Motter	AP Parts
T. F. Murphy	Gates Rubber

AMRC Forecast Committee

ECONOMIC OUTLOOK

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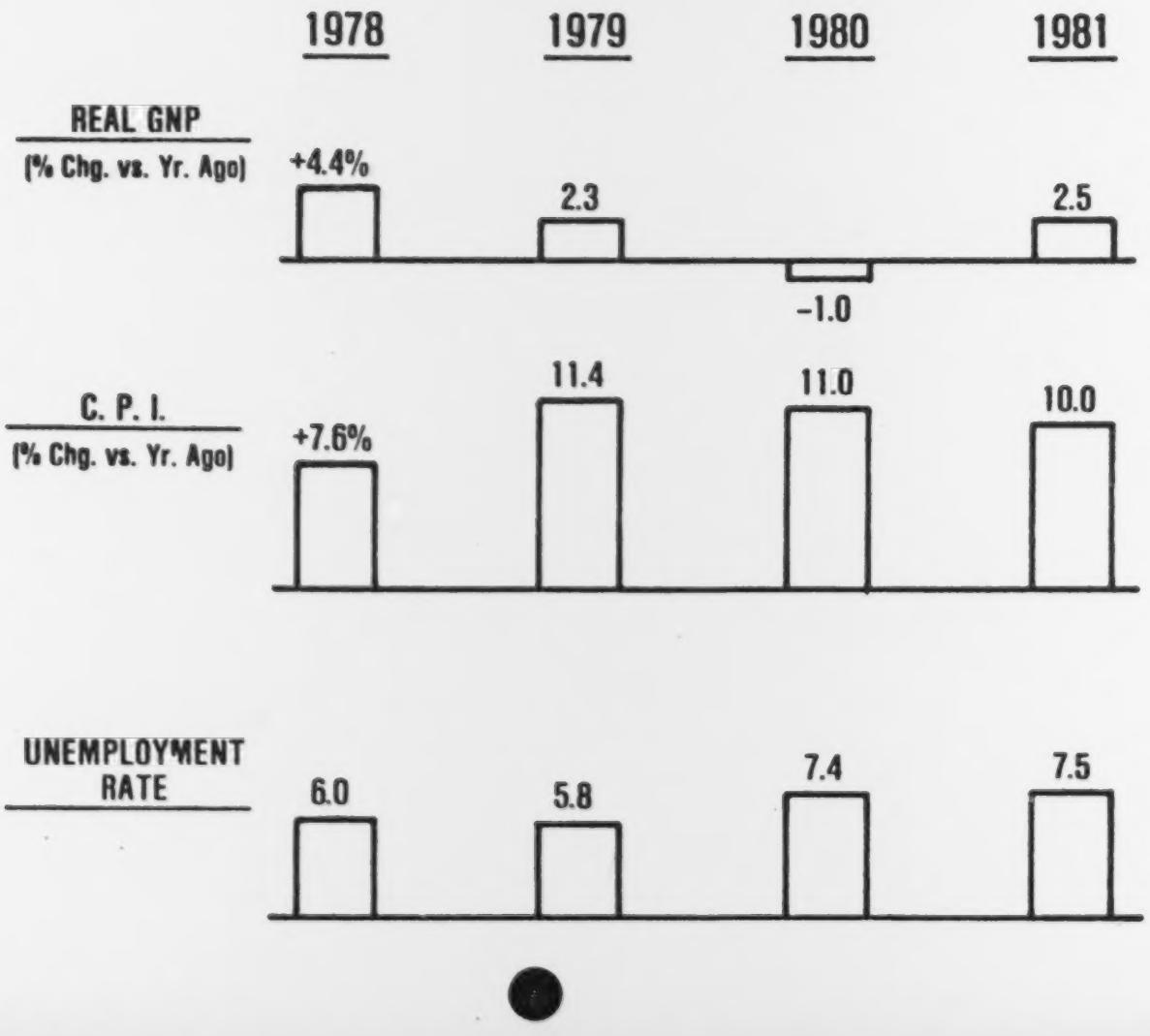
ECONOMIC OUTLOOK



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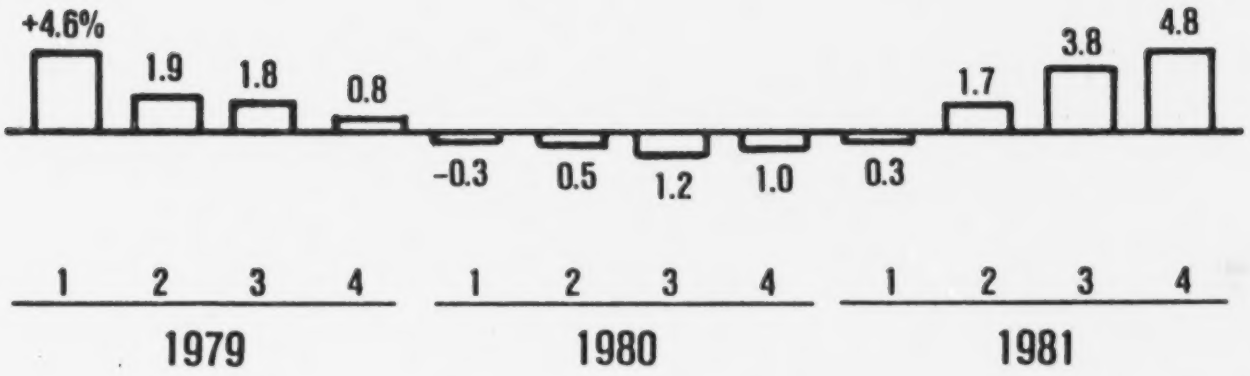
REAL GNP QUARTERLY GROWTH

(% CHG. vs. YR. AGO)



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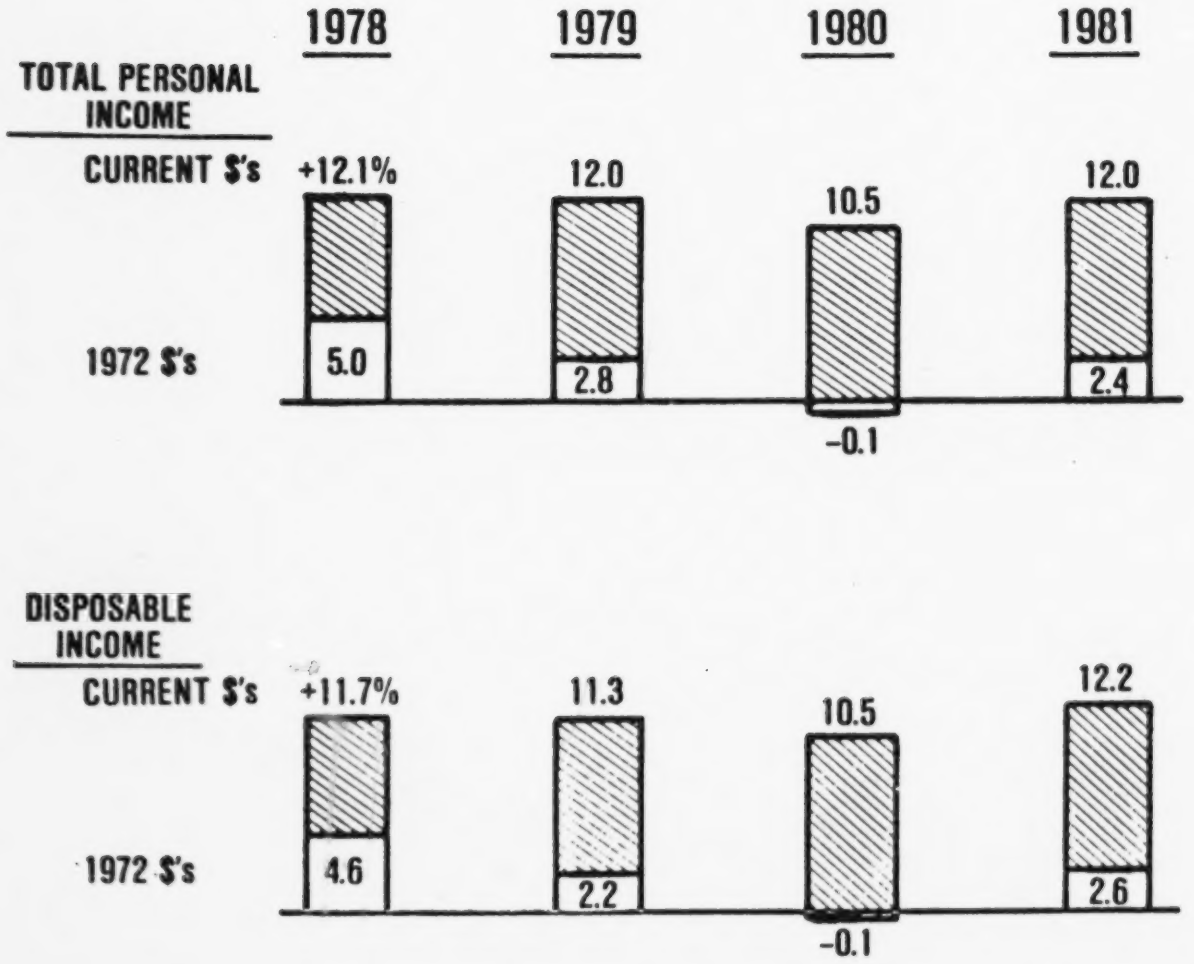
CONSUMER INCOME

(% CHG. vs. YR. AGO)



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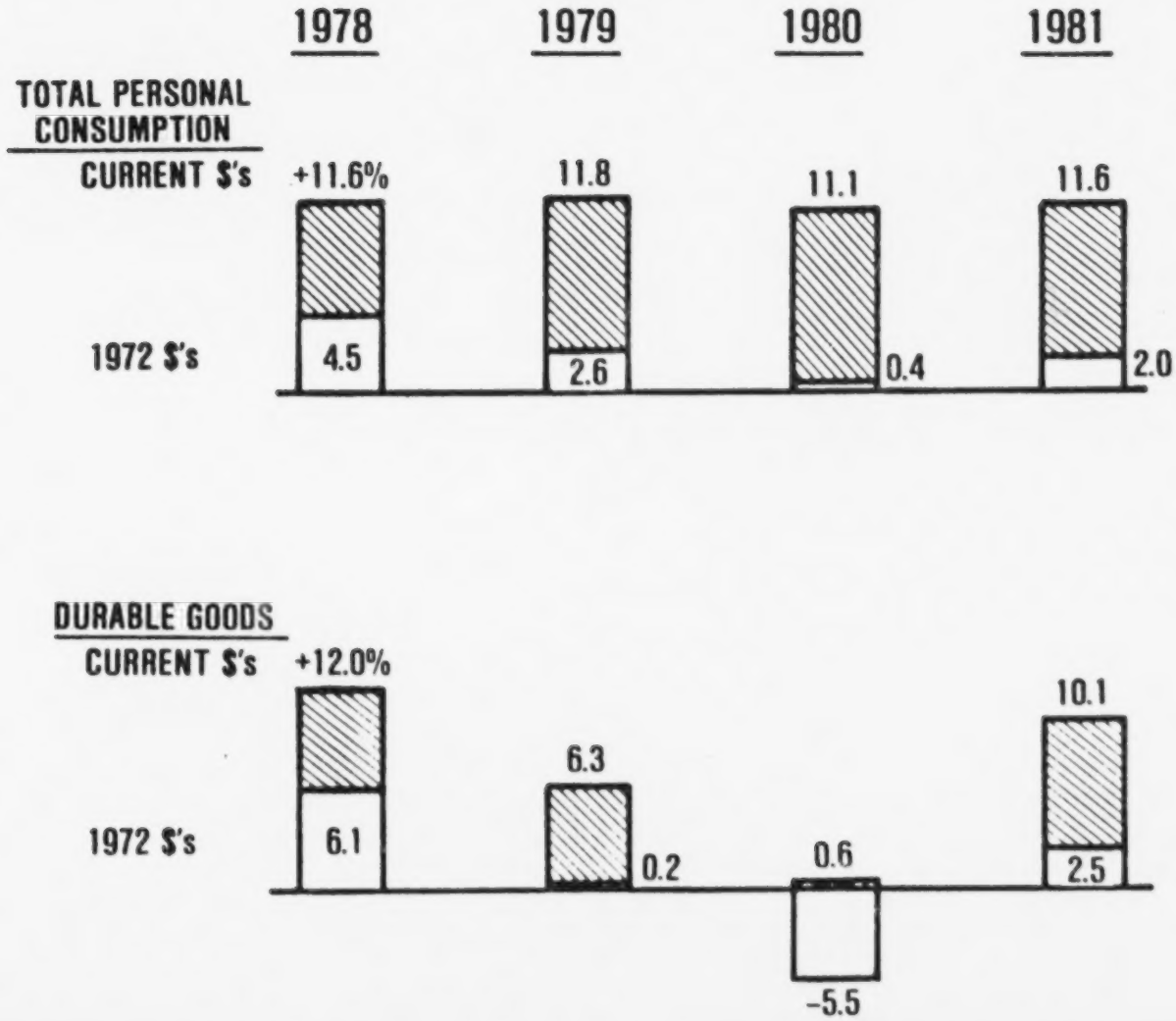
CONSUMER SPENDING

(% CHG. vs. YR. AGO)



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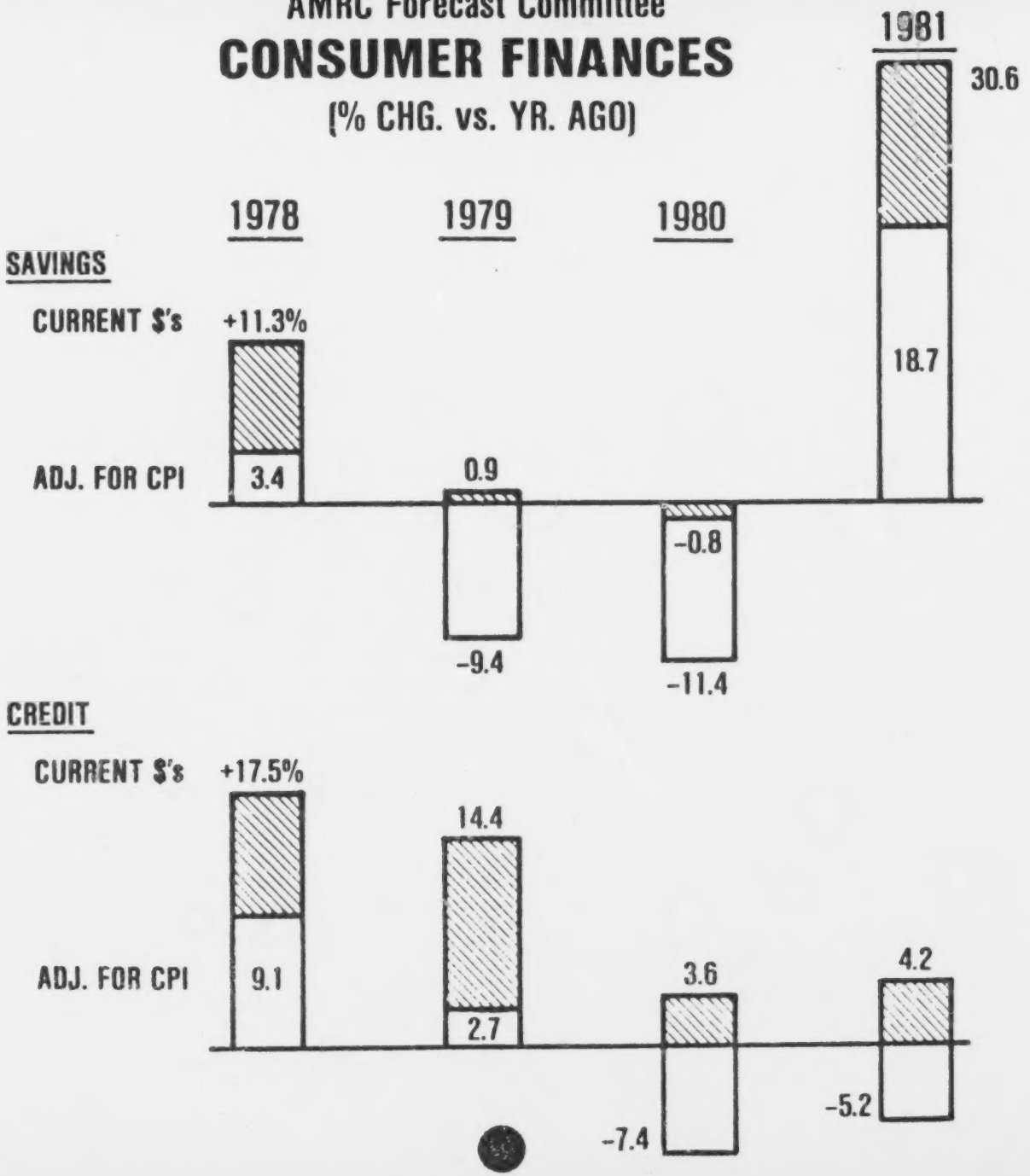
CONSUMER FINANCES

(% CHG. vs. YR. AGO)



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PASSENGER CAR AND LIGHT TRUCK

FORECAST

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PASSENGER CAR FORECASTS
(Thousands)

	1979		1980		1981
	Sept. '79 Forecast	Actual	Sept. '79 Forecast	Feb. '80 Forecast	Feb. '80 Forecast
Total Dealer Sales	10,700	10,666	10,300	9,800	10,600
Domestics	8,400	8,336	8,150	7,650	8,250
Offshore Imports	2,300	2,330	2,150	2,150	2,350
Import Share	21.5%	22.0%	20.9%	22.0%	22.2%
Exports (Excl. Canada)	125	160	120	150	150
Canadian Trade – Net	–	–	(120)	(50)	(100)
Inventory Change & Other Adjustments	125	(67)	50	(150)	(50)
Production					
Domestic	8,650	8,429	8,200	7,600	8,250
Canadian	1,000	989	1,000	900	950
North American	9,650	9,418	9,200	8,500	9,200

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LIGHT TRUCK FORECASTS
(Thousands)

	1979		1980		1981
	Sept. '79 Forecast	Actual	Sept. '79 Forecast	Feb. '80 Forecast	Feb. '80 Forecast
Total Dealer Sales	3,200	3,101	3,050	2,900	3,250
Domestics	2,750	2,635	2,625	2,450	2,775
Offshore Imports	450	466	425	450	475
Import Share	14.1%	15.0%	13.9%	15.5%	14.6%
Exports (Excl. Canada)	125	110	125	115	120
Canadian Trade – Net	(275)	(210)	(275)	(200)	(200)
Inventory Change & Other Adjustments	200	100	–	35	55
Production					
Domestic	2,800	2,635	2,475	2,400	2,750
Canadian	650	584	650	575	625
North American	3,450	3,219	3,125	2,975	3,375

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U.S. CAR PRODUCTION BY SIZE CLASS

(Per Cent)

	1977	1978	1979	Forecast 1980
Sub-Compact	8.6	16.7	24.1	27.0
Compact	27.0	25.3	24.0	26.0
Intermediate	33.9	31.2	26.5	24.0
Standard	30.5	26.8	25.4	23.0
	100.0	100.0	100.0	100.0

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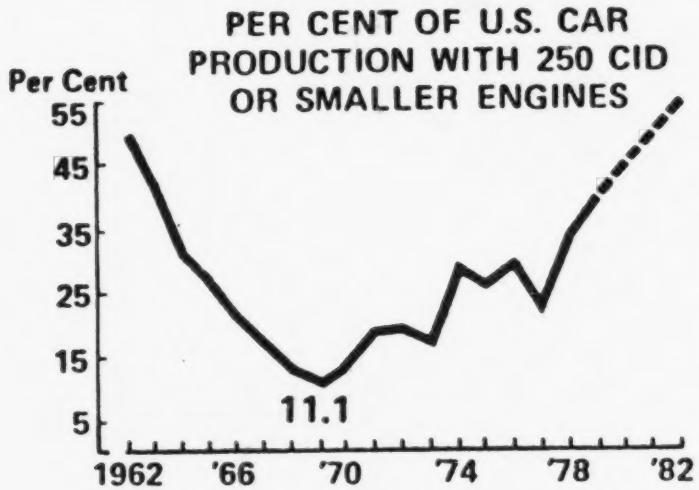

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1979 CAR PRODUCTION
U.S. vs CANADA
BY SIZE CLASS
(Per Cent)

	U.S.	Canada
Sub-Compact	24.1	3.5
Compact	24.0	19.7
Intermediate	26.5	46.9
Standard	25.4	29.9
	100.0	100.0

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CANADIAN TRADE BALANCE
(Thousands of Cars)

	Excess of Cars Shipped, Canada to U.S., Over Cars Shipped, U.S. to Canada
1979	0
1978	(223)
1977	(246)
1976	(246)
1975	(160)
1974	(302)
1973	(386)
1972	(454)
1971	(428)
1970	(436)

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NEW CAR FINANCING

	Average New Car Payment	Average Payment Term	% Financed for More Than 36 Months
1979	$183	41.6 Mos.	70
1978	174	40.0	60
1977	163	37.7	43
1976	157	35.6	27
1975	146	34.7	16
1974	132	34.1	4

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LEASED VEHICLES

	Thousands		Per Cent
	1978	1968	Increase
Cars on the Road Via –			
Individual Leasing	1,610	573	181
Fleet Leasing	2,659	1,453	83
Short-Term Rental	448	241	86
Total Cars	4,717	2,267	108
Trucks on the Road Via –			
Fleet Leasing	802	401	100
Short-Term Rental	182	85	114
Total Trucks	984	486	102

15.3% of All Vehicles Sold in 1978
Entered Lease-Rental Service

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Past Data Adjustments

For Reclassification of Club Wagons,
Sportvan, Voyager & Sportsman

Year	Add To Light Truck Sales - Deduct From Car Sales
1979	110,021
1978	171,145
1977	163,624
1976	138,983
1975	126,632
1974	121,843

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MEDIUM AND HEAVY TRUCK

FORECAST

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MEDIUM TRUCK FORECAST
(14,000 - 26,000 GVW)
FOR 1980 AND 1981
(Units in Thousands)

	1979 Actual	1980 Forecast Made In September 1979	1980 Forecast Made In February 1980	1981 Forecast Made In February 1980
Total Dealer Sales	155	159	141	147
Domestic Sales	152	154	136	140
Offshore Imports	3	5	5	7
Import Share	2.0%	3.1%	3.5%	5.0%
Exports (Excl. Canada)	17	19	17	21
Canadian Trade (Net)	9	7	7	8
Inventory Change & Other Adj.	(7)	(4)	(8)	—
Domestic Production	170	178	157	176
Canadian Production	19	19	18	19
Total N. American Production	189	197	175	195

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HEAVY TRUCK FORECAST
(26,000 GVW AND UP)
FOR 1980 AND 1981
(Units in Thousands)

	1979 Actual	1980 Forecast Made In September 1979	1980 Forecast Made In February 1980	1981 Forecast Made In February 1980
Total Dealer Sales	225	193	179	184
Domestic Sales	223	190	176	180
Offshore Imports	2	3	3	4
Import Share	0.9%	1.6%	1.7%	2.2%
Exports (Excl. Canada)	11	10	13	12
Canadian Trade (Net)	7	6	6	6
Inventory Change & Other Adj.	(1)	(5)	(3)	(8)
Domestic Production	239	198	190	189
Canadian Production	30	24	23	23
Total N. American Production	269	222	213	212 → 239

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NEW VEHICLES

Data Sources — Trucks Only

U.S. Market	—	Factory Sales	— Source: MVMA
		Retail Sales	— Source: MVMA
		Registrations	— Source: R.L. Polk
Canada Market	—	Factory Sales	— Source: MVMA
		Registrations	— Source: R.L. Polk
Export Market	—	Factory Sales	— Source: MVMA
		Export Shipments	— Source: MVMA
U.S. Production			— Source: Ward's, MVMA
Canada Production			— Source: Ward's, MVMA

NEW VEHICLES

Factory Sales — Trucks & Buses Shown Separately

FS-3 Gas & Diesel Combined

FS-5 Diesel Only

Make
GVW
Imports from Outside U.S. & Canada Omitted
Sales to U.S. Government Included

Available for U.S. Domestic Market
- Canada Domestic Market
- Export Market
- North American Market
- U.S. Production
- Canada Production

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NEW VEHICLES

Retail Sales — U.S. Only

- ☐ Make
- ☐ GVW
- ☐ Gas & Diesel Combined
- ☐ School Buses Included
- ☐ Transit Buses Excluded
- ☐ "Captive" Imports Included
- ☐ Sales to U.S. Government Excluded

NEW VEHICLES

Registrations — U.S. Only

- ☐ Make
- ☐ GVW
- ☐ Gas & Diesel Combined
- ☐ School Buses Included
- ☐ Transit Buses Excluded
- ☐ All Imports Included
- ☐ Sales to U.S. Government Included

NEW VEHICLES

FACTORY SALES - SOURCE: MVMA
Report FS3 (Gas & Diesel)
FS5 (Diesel)

U.S. TOTAL

(Trucks Produced in U.S. for All Markets)

- ☐ Exports to Canada
- ☐ Other Exports
- ☐ U.S. Domestic

CANADA TOTAL

(Trucks Produced in Canada for All Markets)

- ☐ Exports to U.S.
- ☐ Other Exports
- ☐ Canada Domestic

TOTAL NORTH AMERICA

U.S. Domestic Market = U.S. Domestic
+ Canada Exports to U.S.

Canada Domestic Market = Canada Domestic
+ U.S. Exports to Canada

CUSTOMERS

Medium-Duty Trucks

- ☐ Growth of Day Rental (U-Haul, etc.)
- ☐ Growth of P&D (Diesel Influence)
- ☐ Decline of Refuse

Heavy-Duty Trucks

- ☐ Growth of Fleet Leasing
- ☐ Growth of Refuse
- ☐ Decline of Interstate Carriers
- ☐ Decline of Owner/Operator (Deregulation)

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INFLUENCE OF GOVERNMENT

REGULATIONS

		Present	Future	Proposed
Vehicle Safety Standards	U.S.	23	3	4
	Canada	21	3	
Motor Carrier Safety Regulations	U.S.	6	1	
Emissions	U.S.	4	2	1
	California	2	2	
Noise	U.S.	1	1	

+ Chicago
Florida
Oregon

U.S. NEW REGISTRATIONS (000's)

	GVW 4	GVW 5	GVW 6	GVW 7	GVW 8	GVW 4-8
1957	113	49	35	34	22	253
1960	30	132	52	33	28	275
1965	24	120	91	32	63	330
1970	12	58	133	36	89	328
1974	3	12	196	29	139	379
1979 (Est)	5	3	144	47	166	365
Change 1957-1979	(96%)	(94%)	+311%	+38%	+655%	+44%

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UNITS (000's)

	GVW 6		
1977	**Gas**	**Diesel**	**Total**
U.S. Domestic Factory Sales from U.S and Canadian Plants	117	12	129
+ Imports	—	1	1
	117	13	130
1979 (Est)			
U.S. Domestic Factory Sales from U.S. and Canadian Plants	93	15	108
+ Imports	—	3	3
	93	18	111

% Diesel 1977 = 10.0%
1979 = 16.2%

U.S. MARKET
NEW TRUCK REGISTRATIONS

Imports

	GVW 6	GVW 7	GVW 8
1974	401	83	11
1975	706	1	15
1976	1086	—	104
1977	1349	388	212
1978	1705	929	310
1979 (Est)	2620	1612	284

Source: R.L. Polk

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AUTOMOTIVE AFTERMARKET

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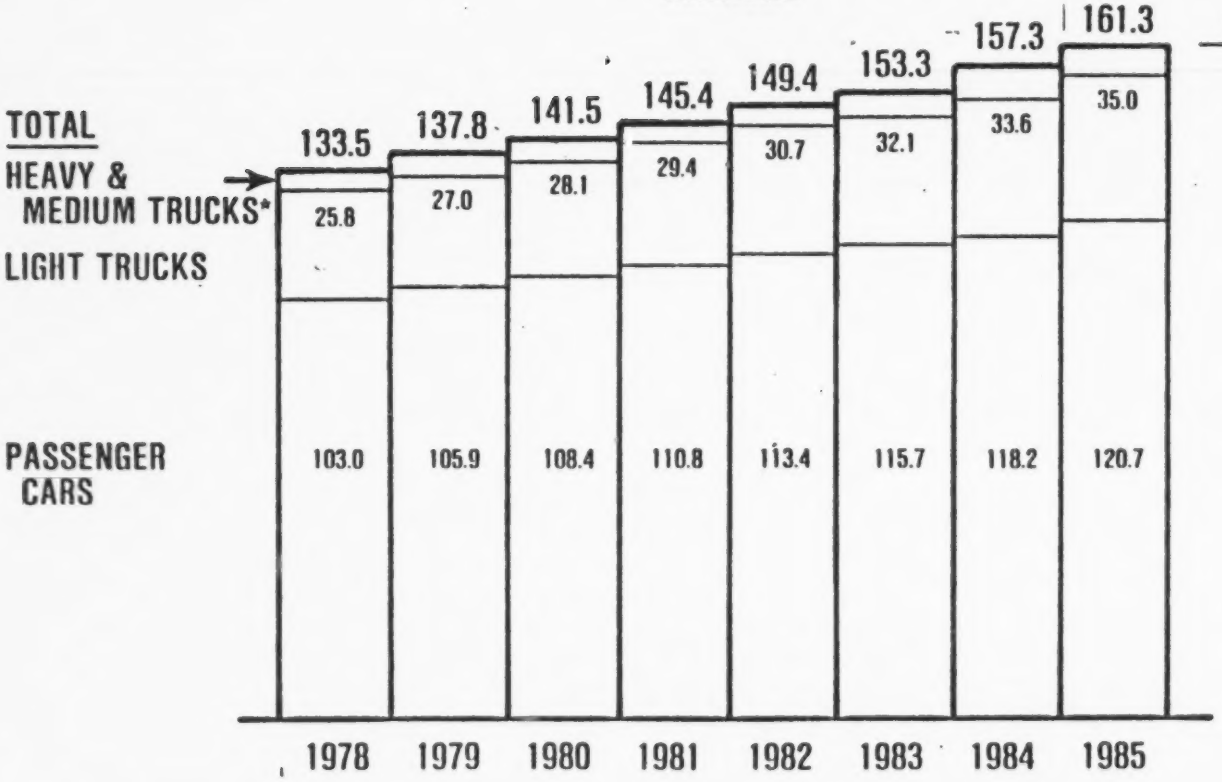
VEHICLES IN OPERATION

(July 1, Each Year)
Millions



	1978	1979	1980	1981	1982	1983	1984	1985	ANNUAL GROWTH RATE 1978 — 1985
TOTAL	133.5	137.8	141.5	145.4	149.4	153.3	157.3	161.3	2.7%
HEAVY & MEDIUM TRUCKS*	25.8	27.0	28.1	29.4	30.7	32.1	33.6	35.0	4.4%
PASSENGER CARS	103.0	105.9	108.4	110.8	113.4	115.7	118.2	120.7	2.3%
*HEAVY TRUCKS	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	5.0%
MEDIUM TRUCKS	3.0	3.1	3.1	3.2	3.2	3.3	3.2	3.2	0.9%

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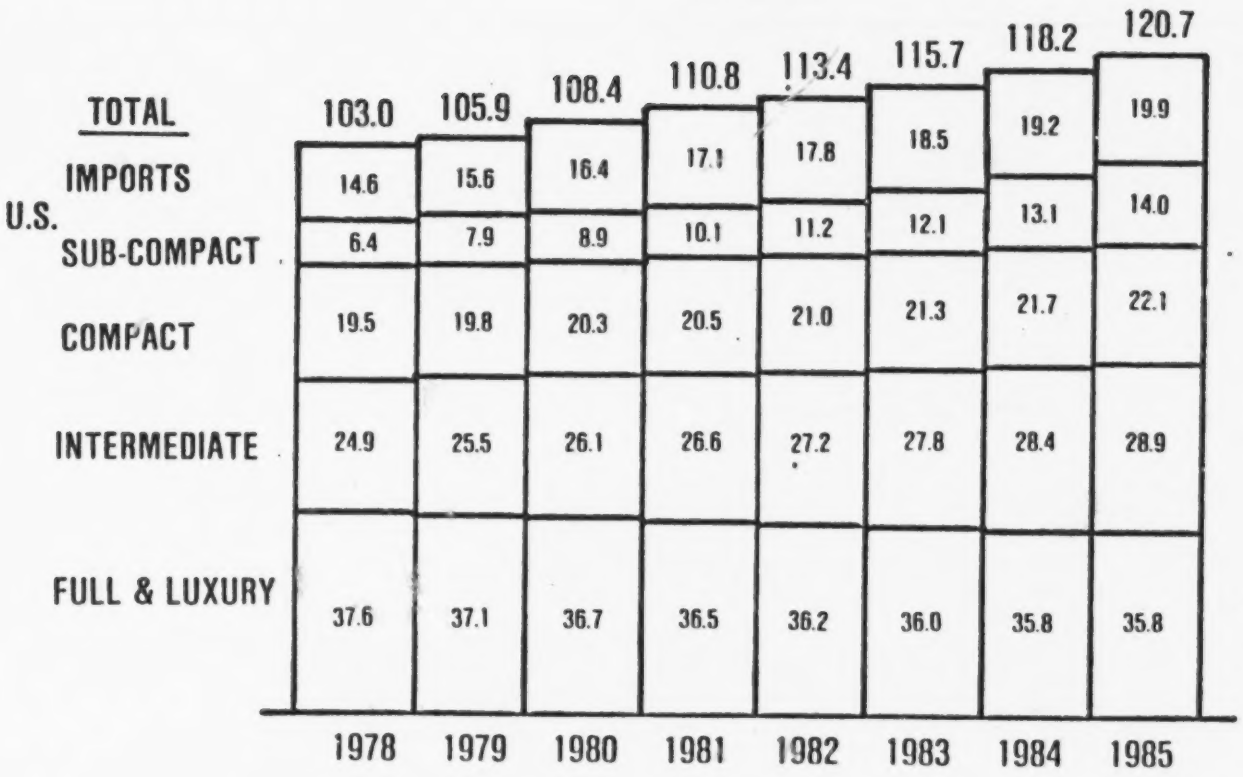
VEHICLES IN USE
PASSENGER CARS

By Market Segment
(July 1, Each Year)
Millions



ANNUAL GROWTH RATES	1970-1978	1978-1985
TOTAL	3.2%	2.3%
U.S. IMPORTS	10.3%	4.5%
SUB-COMPACT	68.2%	11.8%
COMPACT	3.2%	1.8%
INTERMEDIATE	3.3%	2.2%
FULL & LUXURY	(0.5%)	(0.7%)

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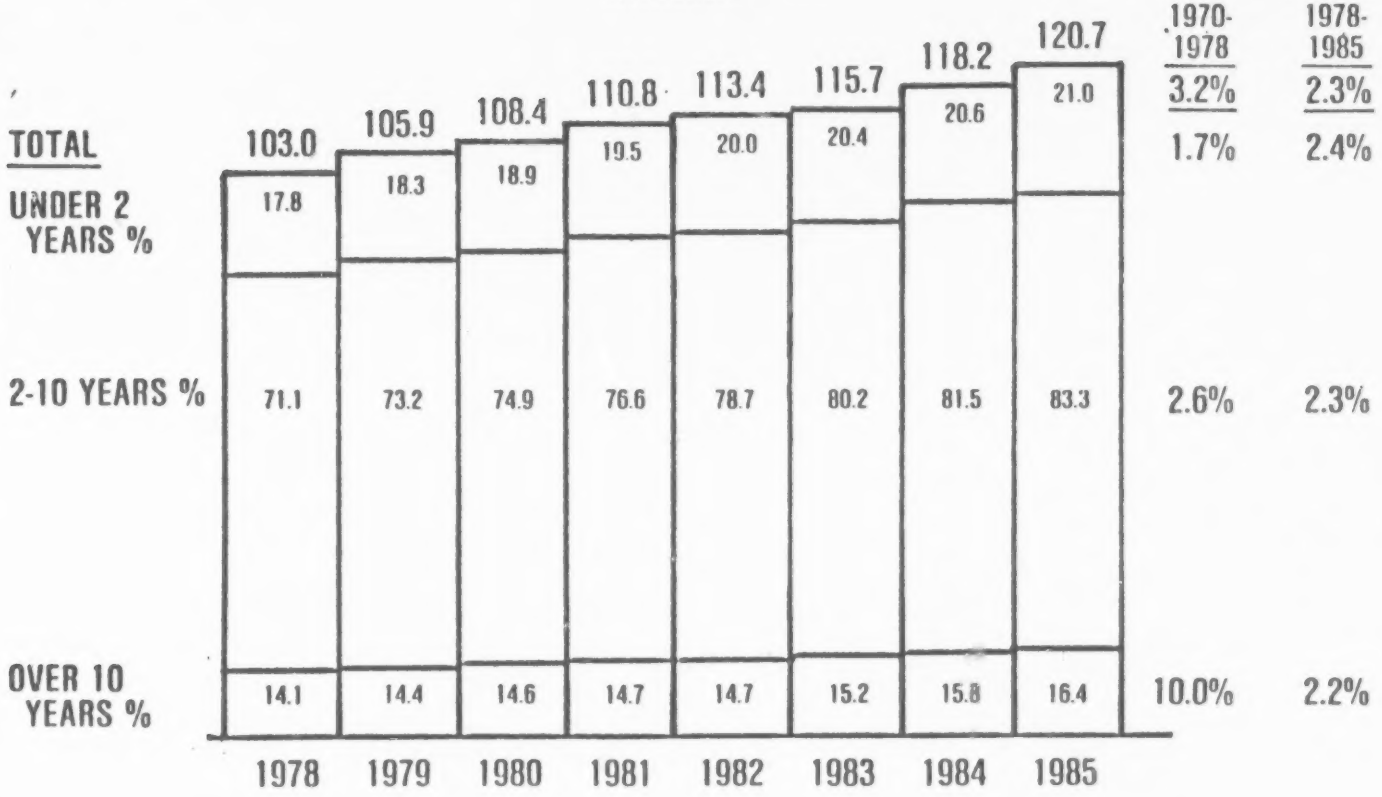
VEHICLES IN OPERATION
PASSENGER CARS

By Age of Car
(July 1, Each Year)
Millions



	ANNUAL GROWTH RATES 1970-1978	1978-1985
TOTAL	3.2%	2.3%
UNDER 2 YEARS %	1.7%	2.4%
2-10 YEARS %	2.6%	2.3%
OVER 10 YEARS %	10.0%	2.2%

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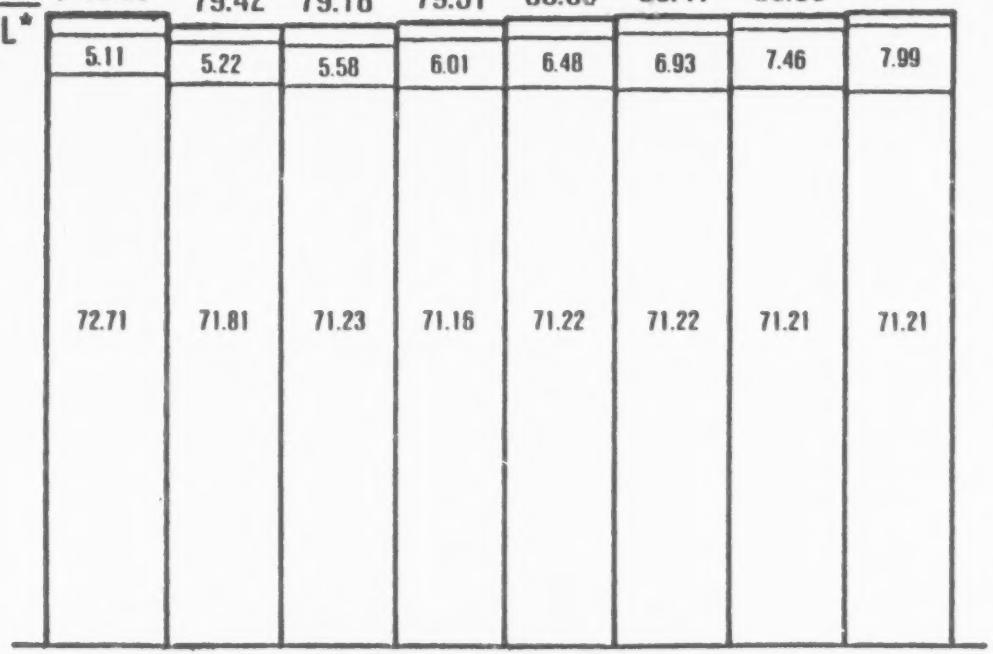
AUTOMOTIVE FUEL AND OIL

(Billions of 1978 Retail Dollars)



	1978	1979	1980	1981	1982	1983	1984	1985	ANNUAL GROWTH RATE 1978 - 1985
TOTAL	$ 80.23	79.42	79.18	79.51	80.00	80.41	80.90	81.39	0.2%
ENGINE OIL* DIESEL	5.11	5.22	5.58	6.01	6.48	6.93	7.46	7.99	6.6%
GASOLINE	72.71	71.81	71.23	71.16	71.22	71.22	71.21	71.21	(0.3%)
*ENGINE	2.41	2.39	2.37	2.34	2.30	2.26	2.23	2.19	(1.4%)

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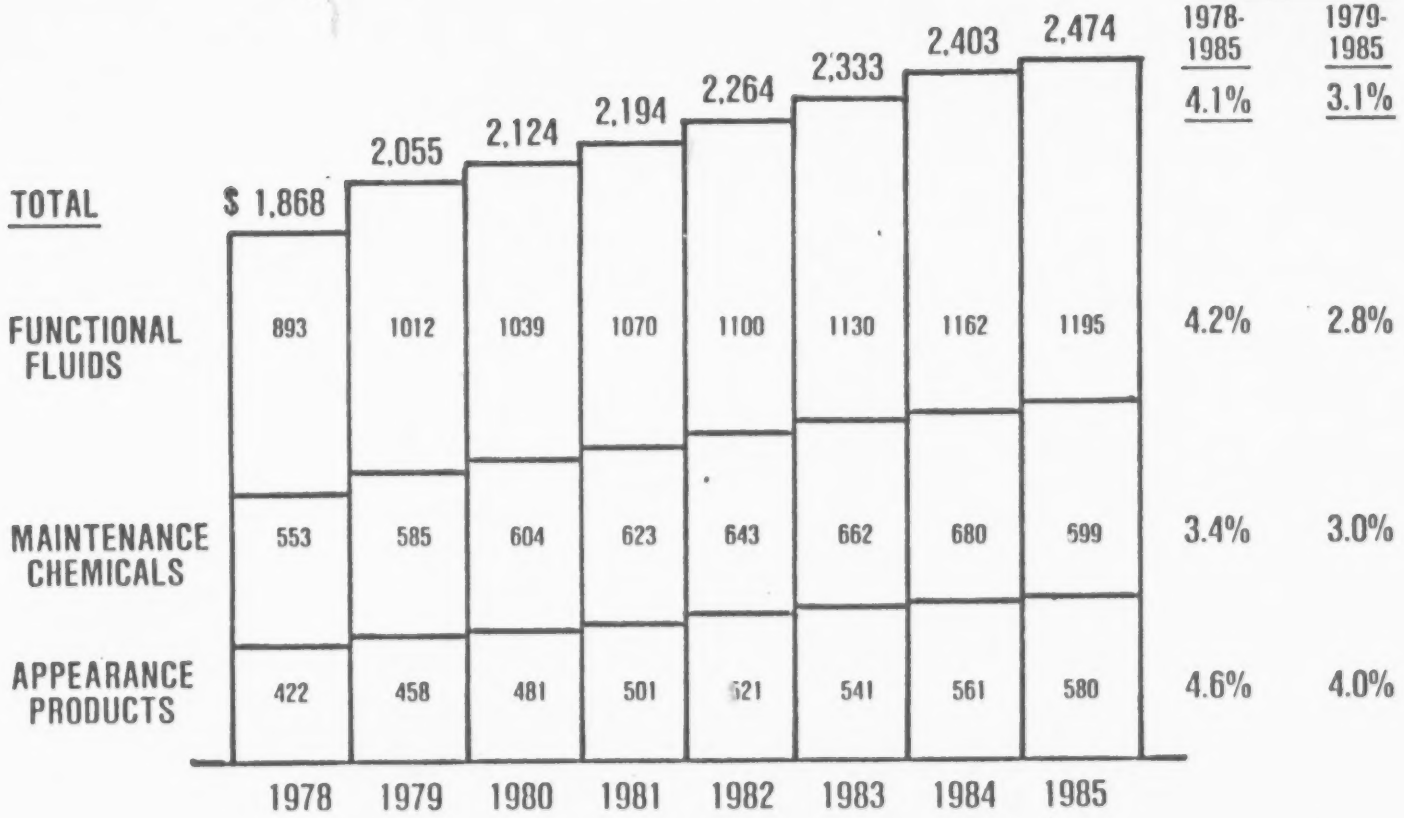
AUTOMOTIVE CHEMICALS

(Millions of 1978 Retail Dollars)



	ANNUAL GROWTH RATE	
	1978-1985	1979-1985
TOTAL	4.1%	3.1%
FUNCTIONAL FLUIDS	4.2%	2.8%
MAINTENANCE CHEMICALS	3.4%	3.0%
APPEARANCE PRODUCTS	4.6%	4.0%

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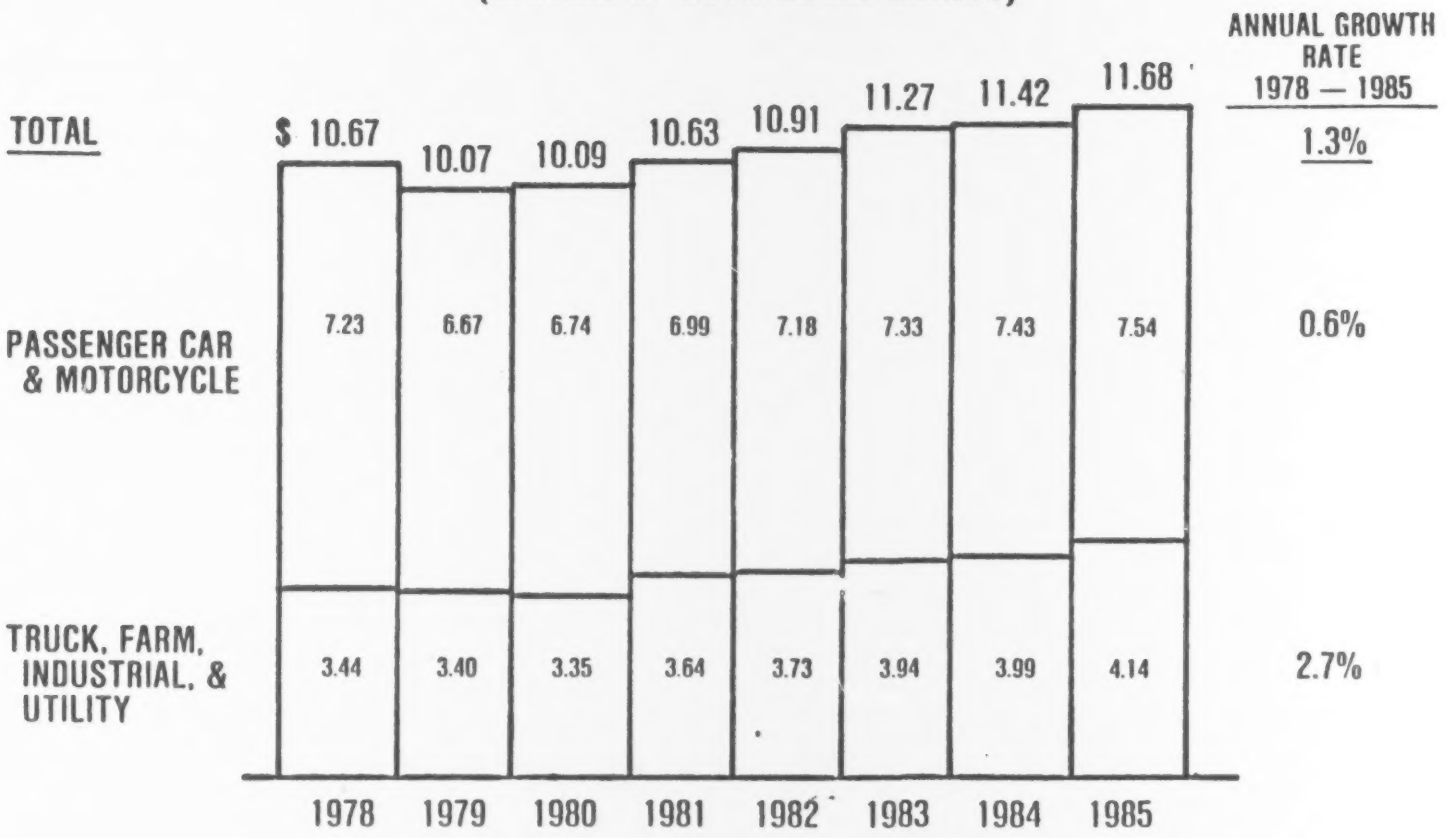
REPLACEMENT TIRES

(Billions of 1978 Retail Dollars)



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AUTOMOTIVE AFTERMARKET REPLACEMENT PARTS

MARKET SEGMENTS

GENERAL SERVICE

Spark plugs, filters, batteries

BRAKE SYSTEMS

Friction material, drums and rotors, hardware, hydraulic parts.

ELECTRICAL

Wire and cable and other electrical parts, excluding rebuilt parts, lamps, air conditioning, heaters, batteries and plugs.

CHASSIS

Exhaust, shocks, steering and suspension

DRIVE TRAIN

Universal joints, transmissions, clutches, axels

ENGINE

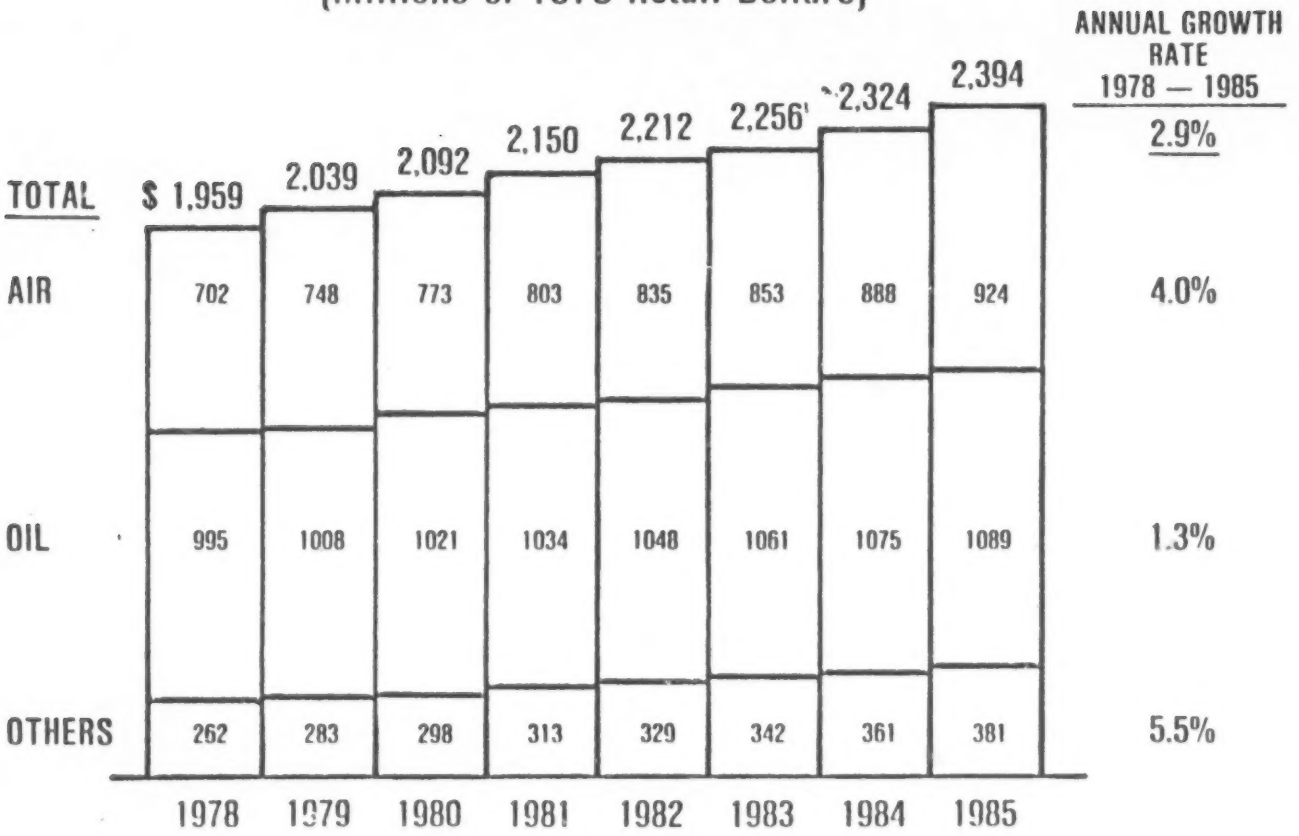
Engines and engine accessories

BODY ACCESSORIES

Miscellaneous crash parts, lamps, radios, accessories air conditioning.

REPLACEMENT FILTERS

(Millions of 1978 Retail Dollars)



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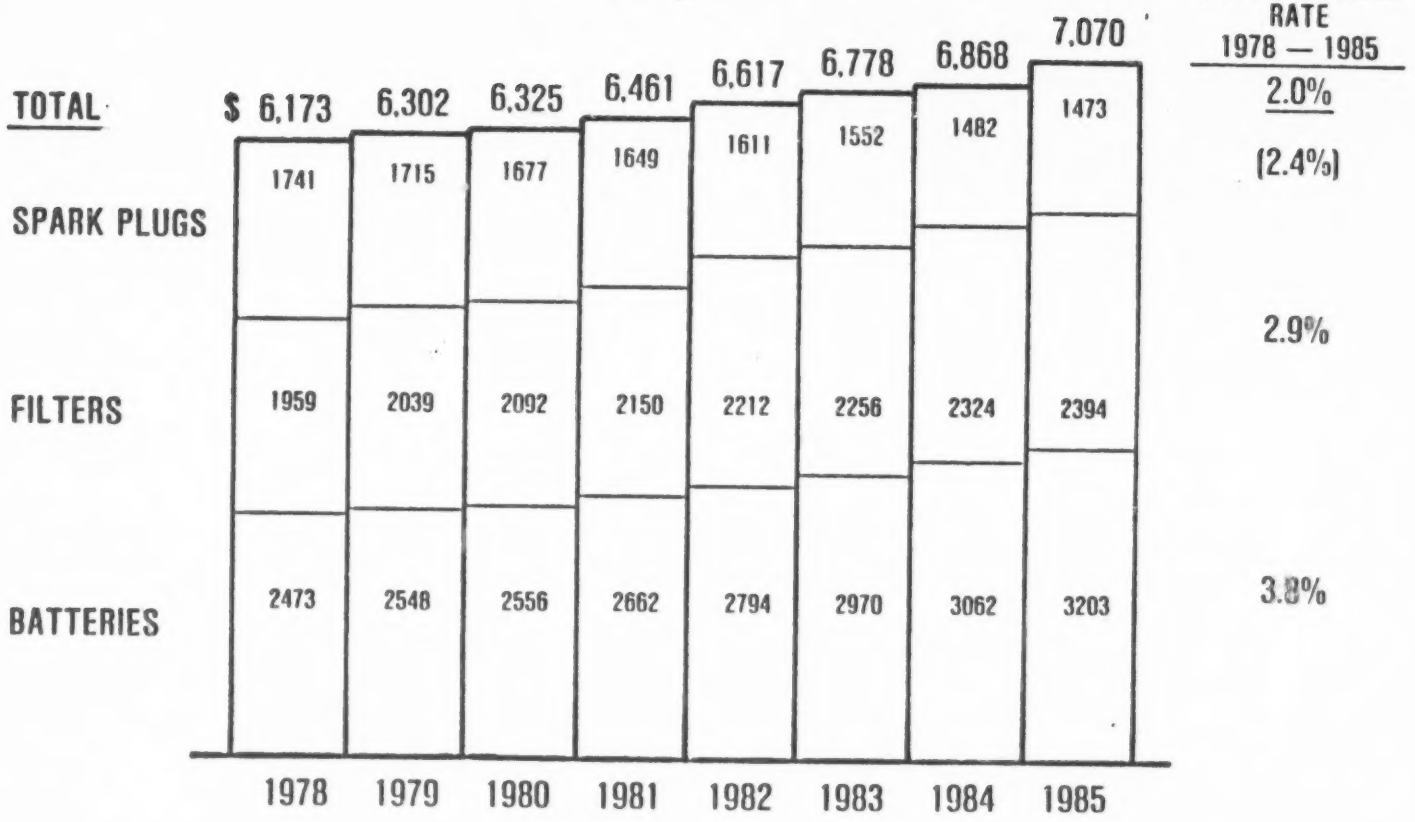
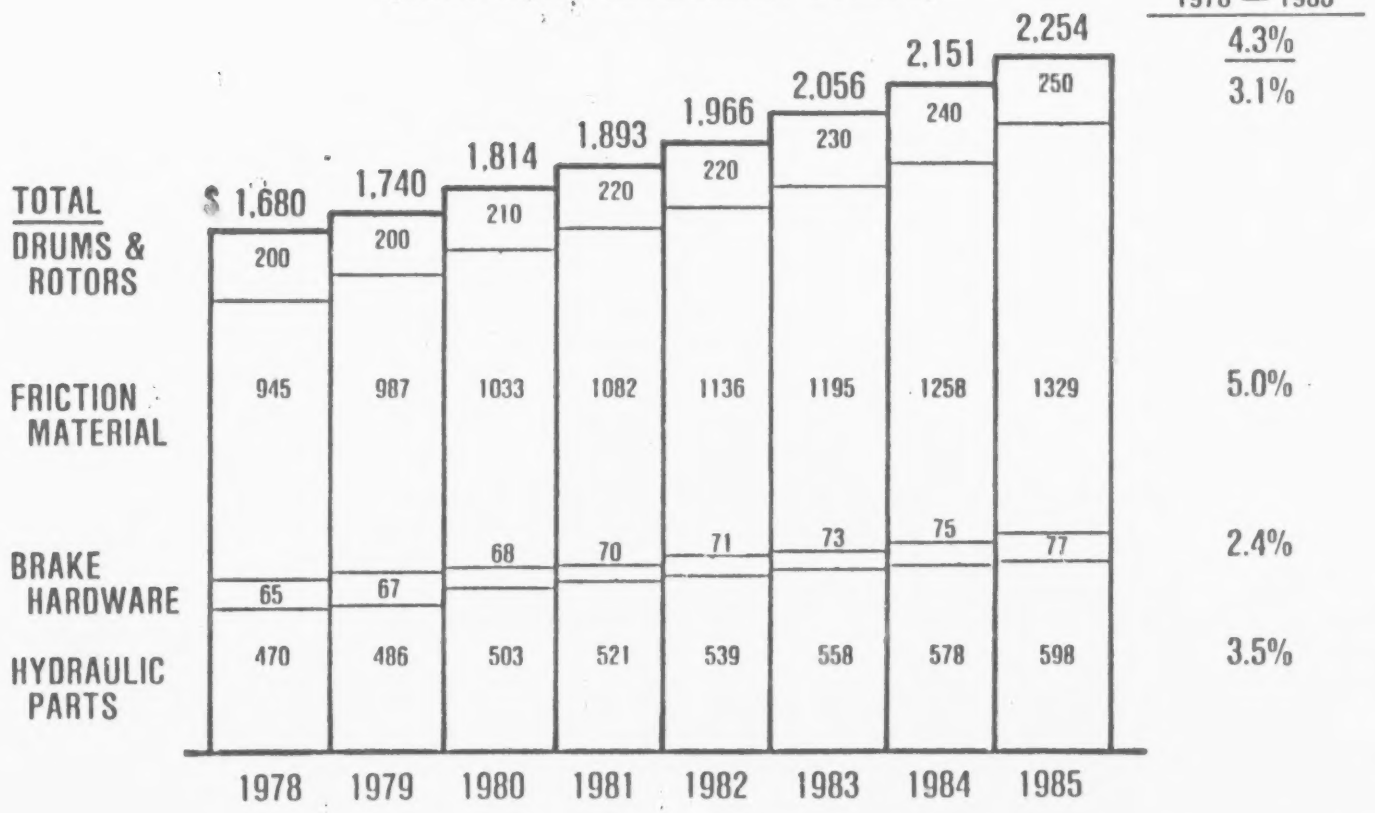


BRAKE SYSTEM

(Millions of 1978 Retail Dollars)

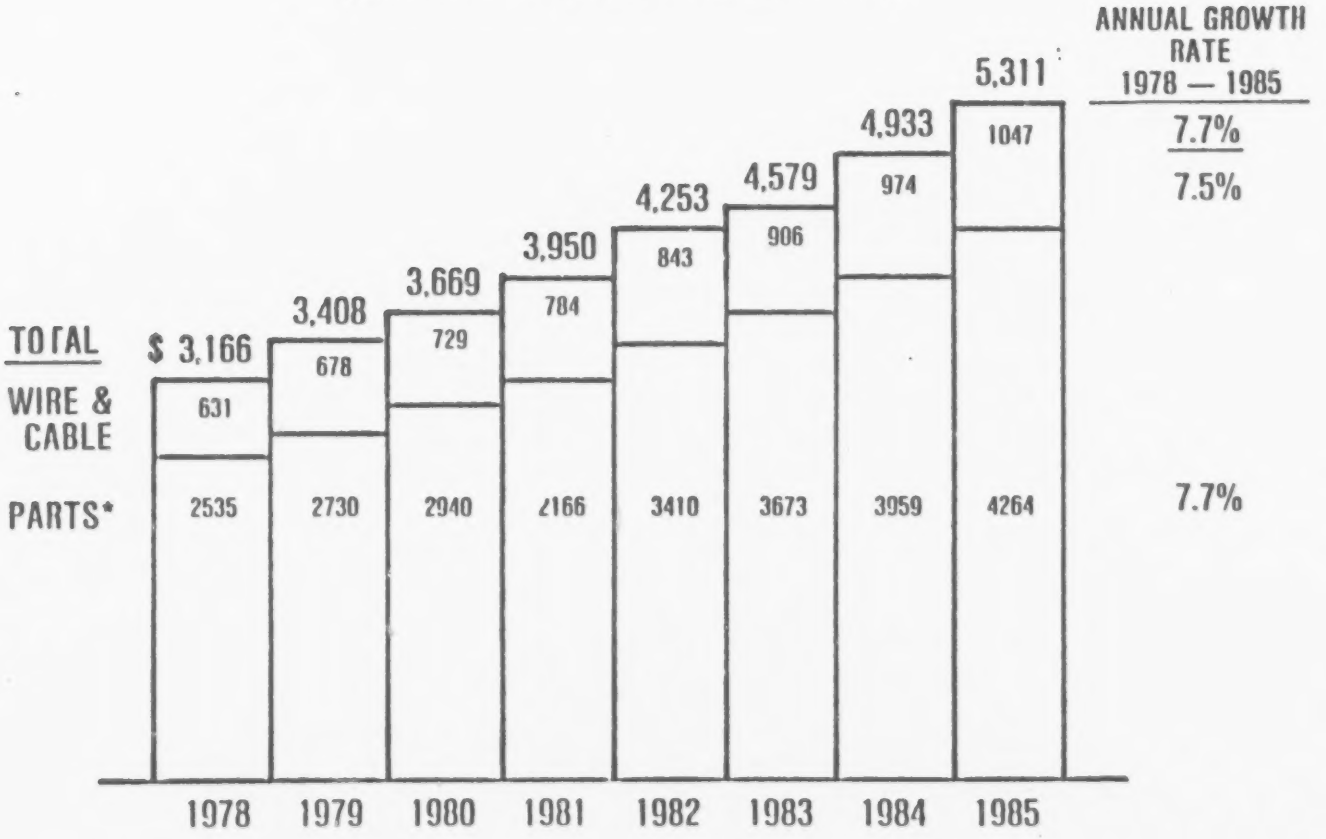


ANNUAL GROWTH RATE 1978 — 1985

TOTAL	4.3%
DRUMS & ROTORS	3.1%
FRICTION MATERIAL	5.0%
BRAKE HARDWARE	2.4%
HYDRAULIC PARTS	3.5%

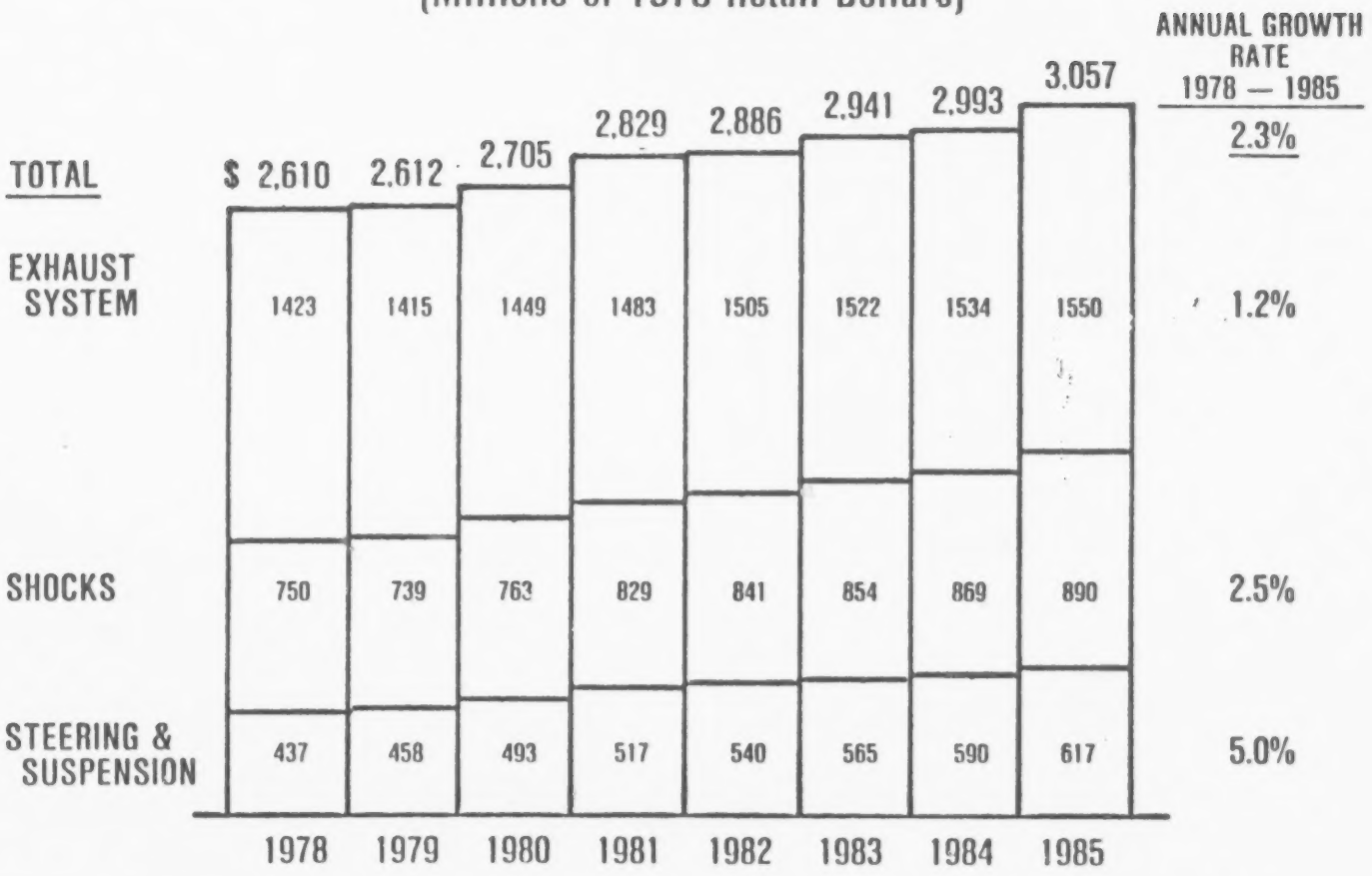
ELECTRICAL SYSTEM

(Millions of 1978 Retail Dollars)



CHASSIS

(Millions of 1978 Retail Dollars)



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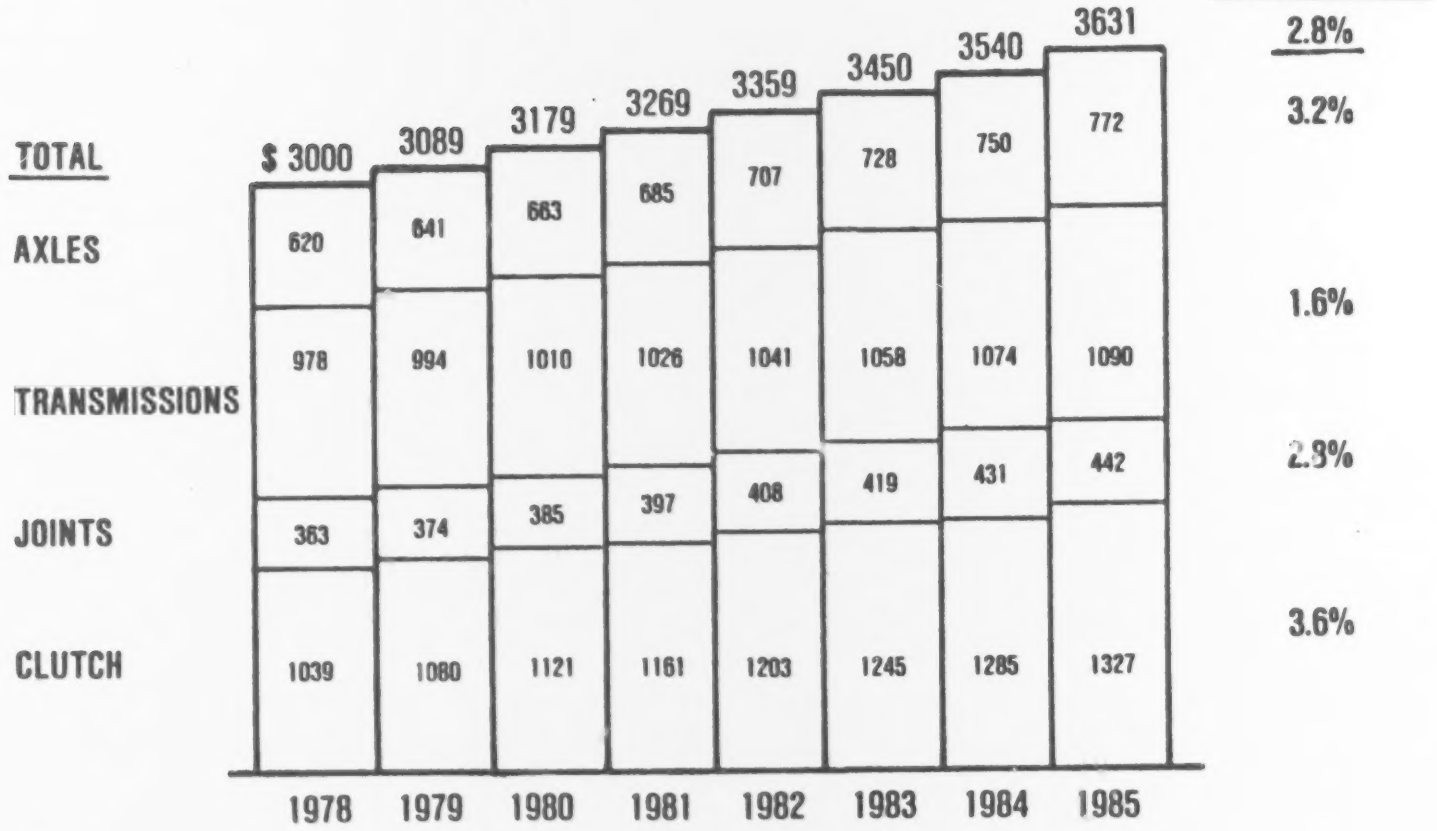
DRIVE TRAIN

(Millions of 1978 Retail Dollars)



ANNUAL GROWTH RATE 1978 - 1985
2.8%
3.2%
1.6%
2.8%
3.6%

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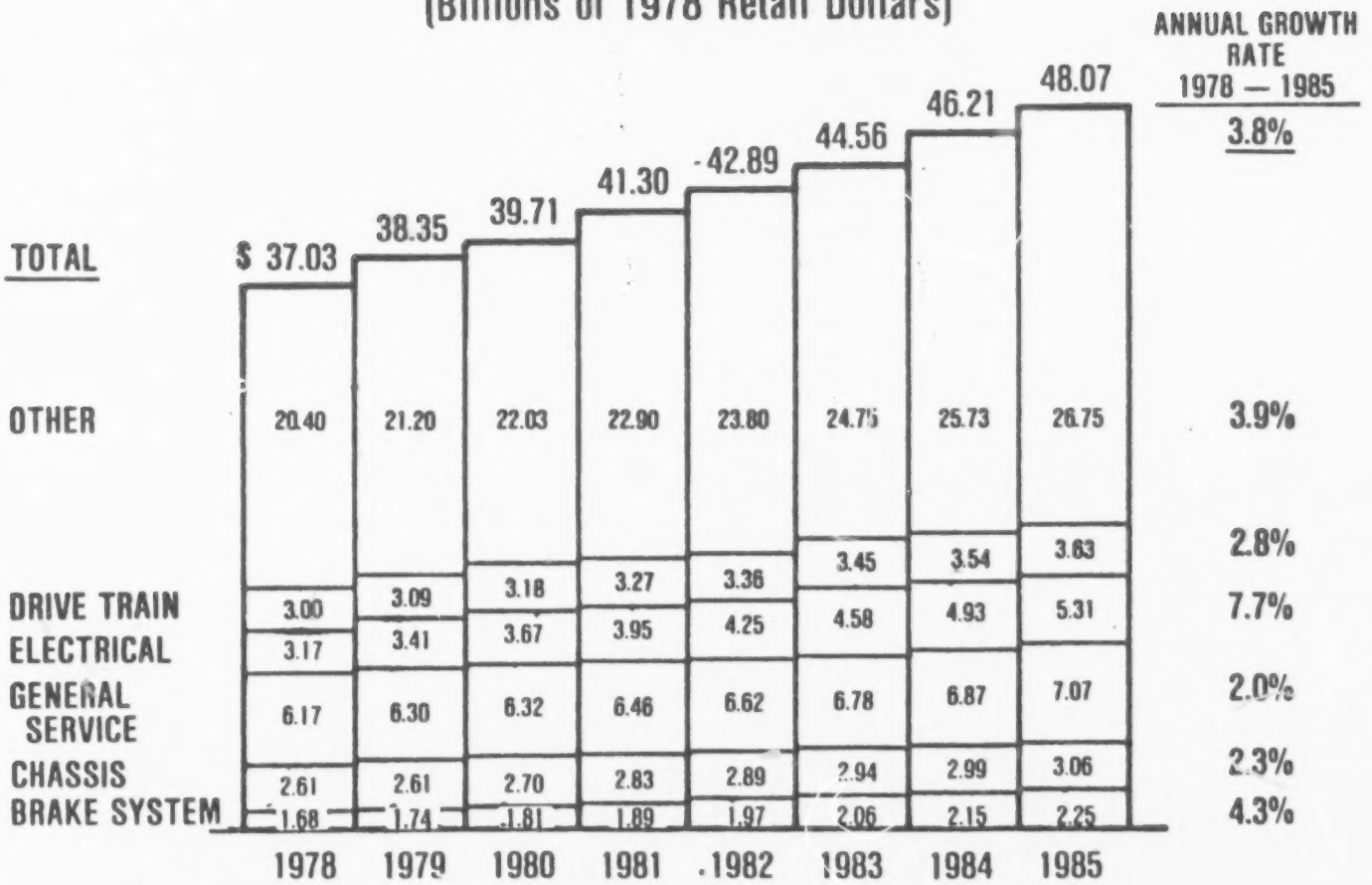
REPLACEMENT PARTS

(Billions of 1978 Retail Dollars)



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AUTOMOTIVE AFTERMARKET

(Billions of 1978 Retail Dollars)